Simbisa Brands
LIMITED

SIMBISA BRANDS LIMITED TRADING UPDATE
FOR THE THIRD QUARTER ENDED 31 MARCH 2021

Simbisa Brands Limited issues the following trading update for the third quarter ended 31 March 2021.

GROUP PERFORMANCE UPDATE FOR THE QUARTER

- Simbisa Group revenue in Q3 FY21 increased 68% on prior year in inflation adjusted terms and recorded a 386% historical increase in revenue versus the prior year comparable period.
- YTD Group revenue increased 530% year-on-year on a historical cost basis and 87% in inflation adjusted terms.
- The Zimbabwe operations' Q3 FY21 revenue grew 312% (historical) and 2% (inflation adjusted) year-on-year. On a YTD basis, revenue was up 553% on prior year in historical terms and 30% in inflation-adjusted terms. Whilst YTD customer counts were down 16.7% versus prior year, with the Zimbabwe operations trading on 25% less counter hours than at full capacity, Average Spend increased by 56% year-on-year in real terms, driving the growth in revenue.
- The Covid-19 pandemic continues to impact customer counts, particularly in Zimbabwe which went into a stricter 30-day, level-4 national lockdown from the 3rd January, which was subsequently extended by a further two weeks to 15th February 2021. This had a significant impact on counter trading hours; the Zimbabwe operations traded on 45% less counter hours than would have been realised when trading at normal operating hours. Furthermore, seating capacity was reduced to 50%. Resultantly, customer counts were down 34.3% in Q3 FY21 compared to the prior year. Footfall has recovered since trading restrictions were relaxed from March; the business grew customer counts by 12% in March 2021 versus prior year.
- Although consumer spending power remains under pressure in the market, Simbisa Zimbabwe achieved real growth in average spend in Q3 FY2021 versus the prior year comparable period. US Dollar average spend increased 32% and ZW Dollar average spend increased 417%, ahead of inflation, versus prior year.
- YTD customer counts in the regional business fell 13% against prior year, trading off 22% less trading hours. However, a gradual relaxation in trading restrictions saw a recovery in customer counts in Q3 FY21 and the region managed to grow customer counts by 2.5% year-on-year, against a 17% loss in trading hours in the quarter.
- Revenue from the regional operations increased 502% from prior year in the YTD trading period and 504% versus prior year in Q3. Notably were the exchange rate movements of the Kenyan Shilling which devalued 4% against the US Dollar and the Zambian Kwacha which devalued 23% against the US Dollar in the closing period March 2021 versus March 2020.
- Zimbabwe opened the inaugural Spur restaurant on 24th March; this was met with great excitement and trading to date has exceeded expectations. This marked the seventh new counter opening in Zimbabwe in the nine months from 1 July to 31 March 2021.
- Kenya opened 3 new counters in the quarter under review, including the launch of the Ocean Basket brand which has also been very successful. Eighteen new counters have been opened in the region in the nine months to 31 March 2021. Simbisa Brands closed the Quarter with a store count of 513 counters in operation.
- Group Operating Profit margins dropped from 17% in Q3 FY20 to 12% in Q3 FY21 as a result of the impact of lower revenue recorded in the Zimbabwe operations in January and February, against a relatively fixed cost base. The Region achieved margin growth from 15% in Q3 FY20 to 16% in Q3 FY21 on the back of successful cost management strategies.

CORONAVIRUS (COVID-19) BUSINESS IMPACT

To mitigate the adverse impact of the Covid-19 pandemic, the Simbisa Group remained focussed on the well-being of both employees and customers. The Group continued enforcing strict hygiene measures in all stores and offering free voluntary testing and counselling services to employees. Simbisa continued to contribute to various community based Covid-19 relief measures and complemented government efforts in the fight against Covid-19.

Despite Covid-19, the Group's liquidity and solvency position remained strong during the quarter. The Group's net debt to EBITDA ratio (using average net debt and annualised EBITDA) remains less than 1x.

Zimbabwe
The Group has continued trading throughout the Covid-19 pandemic, albeit on reduced trading hours, as aforementioned. The resultant decline in customer counts was lower than the loss in trading hours, despite sit-ins operating at 50% capacity. Revenue was also supported by a higher real average spend, a result of increased delivery contribution with the number of deliveries in the quarter increasing by 67% versus prior year. The Group continued to implement cost-containment measures including rationalisation of staff costs, rental negotiations and reducing non-essential expenditures in line with business volumes in order to preserve operating margins.

Simbisa Brands LIMITED

REGION

The regional business continues to operate amidst Covid-19 related trading restrictions. Kenya's counter trading hours were down 17%, Zambia's down 21%, Namibia down 12% and Mauritius down 13% versus the comparable prior year period. Mauritius went into a three-week lockdown in March in which the business only traded for nine days in the month, the lockdown was extended to 30th April on slightly relaxed conditions, but sit-ins are still banned.

Despite trading on fewer operating hours, the Regional business managed to grow customer counts through new store openings, increased promotional activity and value offerings to customers. Aggressive cost containment measures have been put into effect, resulting in improved operating margins.

Efforts to grow the delivery business have been successful with total deliveries in the Regional businesses growing 51% in Q3 FY21 versus prior year. The contribution to revenue from delivery channels in the region grew from 12% in Q3 FY20 to 17% in Q3 FY21.

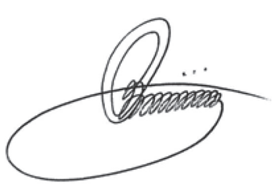
OUTLOOK

With the gradual easing of trading restrictions in our operating markets, trading hours are scaling up and with that, customer counts are recovering. Considerable effort has been put into managing our cost base which has seen a considerable improvement in Group operating margins. Thus, a recovery in revenue will translate to growth in profitability and improved Shareholder returns and value delivery.

The Group continues to pursue a short to medium term growth strategy hinged on new store openings and growth in the delivery business. There are 48 new store openings in the pipeline for FY22, including the expansion of our casual dining footprint through 4 casual-dining brand openings.

The decision to unbundle the delivery business in Kenya, with the view of growing delivery sales in the market and enhancing efficiencies, has proved a success with delivery sales in Kenya increasing 46% in Q3 FY21 versus prior year. A strategy to escalate the growth rate of the delivery business in Zimbabwe is being formulated to increase the segment's contribution in our largest operating market. The group continues to work on the development and refinement of the Dial-a-Delivery mobile application in order to enhance the user experience and with the target of growing application-related customers and orders. The concept of a "Marketplace" application is also being developed to include delivery of non-QSR products.

Despite the business disruptions stemming from the Covid-19 pandemic, the Board remains confident that proactive measures taken to counter the business impact will enable us to continue to grow the business and to consistently deliver value to all of our stakeholders. The Board commends our members of staff for navigating a challenging environment successfully and is confident that their hard work and dedication will see the business make a full recovery within the FY22 financial year.



B Dionisio
Group Chief Executive Officer
11 May 2021